

ILLINOIS – SALE OF LONG-TERM CARE BEDS

POINTS OF CONSIDERATION

Purposes:

- a. Allows redistribution of excess beds to areas with bed need;
- b. Encourages downsizing;
- c. Provides for expansion of individual facilities without increasing beds in the system; and
- d. Provides access to capital to modernize and upgrade older facilities; and
- e. A specified portion (NOT 100%) of the funds gained by selling LTC beds can be used to reduce debt.

HFSRB Parameters:

- a. Must comply with the most recent HFSRB Bed Need Determination for LTC as stated in the HFSRB Annual Bed Inventory;
- b. Must be reviewed under CON rules to determine if the sales transaction is compliant with the purposes and goals of HFSRB and all applicable CON review criteria and standards.
- c. Sec. 2 of the Act - Purpose of the Act requires:
 1. A person establishing, constructing or modifying a health care facility, as defined in the Act, to have the **qualifications, background, character and financial resources** to adequately provide a proper service for the community [Background of the Applicant] plus [Financial & Economic Feasibility];
 2. Projects that promote, through the process of comprehensive health planning, the **orderly and economic development** of health care facilities in the State of Illinois that **avoid unnecessary duplication** of such facilities;
 3. Projects that promote planning for and development of health care facilities needed for comprehensive health care **especially in areas where the health planning process has identified unmet needs** [i.e. HFSRB Bed Need Determination by Planning Area] and [HFSRB Occupancy Standard for LTC beds];

Points of Consideration:

a. IMPLEMENTATION

1. Once the sale of beds is approved, and appropriate rules have been written and adopted, this activity could initially take place as a **pilot program** in one specific Planning Area or group of Planning Areas with a high population density.

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2. The opportunity to submit CON applications for the sale/purchase of LTC beds will be limited to HFSRB-specified time periods occurring 1-2X/year.

b. DISTANCE:

1. Beds can be sold **only** from an existing skilled nursing facility with an excess of LTC beds to an existing skilled nursing facility with need of LTC beds, per the HFSRB Bed Need Determination:
 - a. Statewide
 - b. Within the same Planning Area
 - c. Within specified travel distance
 - d. Other?

c. SELLER REQUIREMENTS:

1. Beds can be sold **only** from an existing skilled nursing facility with an excess of LTC beds as recognized in the HFSRB Annual Bed Inventory.
2. The Seller can sell **only** the number of beds in excess of the HFSRB 90% occupancy standard [the number necessary to reduce the facility's occupancy to the HFSRB 90% occupancy standard].
3. The Seller must provide a detailed explanation of how the money obtained from the sale of the excess LTC beds will be used to improve the Seller's facility. No later than two years after the sale of the beds, the Seller will submit documentation verifying that the funds from the bed sale have been committed by legal contract and/or used to improve the Seller's facility as stated in the application.
4. Seller **cannot** sell any occupied beds. Only the sale of historically documented (over the latest 3-year period), unoccupied, excess beds is allowed.
5. The Seller will document the current status of the licensed beds.

d. BUYER REQUIREMENTS:

1. Beds can be sold **only** from an existing skilled nursing facility with an excess of LTC beds as recognized in the HFSRB Annual Bed Inventory.
2. The Buyer can purchase only the number of beds needed to accommodate the number of persons on a documented list of service requests or inquiries .
3. The Buyer can purchase the number of beds estimated by documented historical trends over the latest 3-year period at the Buyer's facility.
4. Beds **cannot** be used to establish a new category of service (ie.using purchased beds to add skilled nursing to an existing assisted living facility) or to establish a new SNF.
5. Buyer must document that specified funds are available and committed for the operation of the purchased beds (including construction of necessary new space,

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staffing, housekeeping, food services, and all others), as required by IDPH and a recognized accreditation agency, for a period of three years.

6. The applicant documents the impact of the project costs and charges on both a per

diem and an aggregate basis. This documentation shall include portrayal of all costs, including any costs of acquiring the existing beds, and of how the costs will be recovered and a demonstration that the costs are reasonable when compared to the benefits of relocation.

7. Other

e. SELLER AND BUYER REQUIREMENTS:

1. Both the Seller and Buyer must comply with **ALL** of the “Background of the Applicant” requirements.
2. Price per beds to be determined, as well as a cap on the total amount.
3. Cap on total number of beds that can be sold/purchased in a specific timeframe?

f. REVIEW PROCESS:

1. Substantive review (120 calendar days)
2. Expedited review (60 calendar days)
3. Other

g. MORATORIUM:

1. Full moratorium
2. Partial moratorium
3. No moratorium
4. Other

h. IF NO BEDS ARE AVAILABLE TO PURCHASE:

1. Apply for a CON permit to expand LTC beds
2. Utilize 20 bed/10% bed allowance once every two years, per the Act.
3. Other

i. 20 BEDS/10% BED ALLOWANCE:

1. Retain “20 bed/10% every 2-year” bed allowance
2. Amend “20 bed/10% every 2-year” bed allowance
3. Eliminate “20 bed/10%” bed allowance
4. Other?

j. LICENSURE:

1. Beds will lose license when sold
2. Beds must be re-licensed when purchased
3. To be determined...

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k. ACCESS:

1. The relocation of the existing or approved beds will not impair the access of the Population served or proposed to be served by the existing facility or the existing or approved beds to quality LTC, particularly in the case of medically-underserved populations, including consideration of:
 - A. Geographic access; and
 - B. Availability of Medicaid-certified LTC beds
2. Requirement that a certain number of purchased beds be or become Medicaid-certified.